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GOVERNMENT OF KERALA

Finance Department

NOTIFICATION

No. 53408/WM-3/61/Fin.

Dated, Trivandrum, the 14th August 1961.

4½ per cent Kerala State Development Loan 1972 issued at Rs. 99.50 per cent and redeemable at par on 4th September, 1972.

1. *Object.*—The proceeds of the loan will be utilised for financing the Development Schemes under the State's Third Five Year Plan.

2. *Security for loan.*—In accordance with Article 293 (1) of the Constitution of India, the loan will be secured on the Consolidated Fund of the Government of Kerala.

The consent of the Central Government has been obtained to the floatation of this loan as required by Article 293 (3) of the Constitution of India.

3. *Description.*—The loan will be briefly described as the 4½ per cent Kerala State Development Loan, 1972.

4. *Amount of issue.*—The amount of the loan will be Rs. 4 crores.

5. *Issue price.*—The issue price will be Rs. 99.50 for every Rs. 100 of the loan applied for.

6. *Subscriptions.*—Subscriptions will be received from 4th September 1961 to 9th September 1961 both days inclusive. Subscriptions may be in the form of cash/cheque or of securties of the 3½ per cent Cochin Loan, 1956-61. The loan will be closed without notice as soon as it appears that the total subscriptions in cash and securities of the 3½ per cent Cochin Loan 1956-61 amount approximately to Rs. 4 crores and in any case not later than the close of business on 9th September 1961. The Government reserve the right to retain subscriptions received up to ten per cent in excess of the sum of Rs. 4 crores.

7. *Partial allotment.*—If the total subscriptions exceed the sum of Rs. 4.40 crores, partial allotment will be made to subscribers in cash. If partial allotment is made, the balance of the sum paid at the time of application will be refunded as soon as possible after allotment. No interest will be paid on the amounts so refunded.

8. *Date of repayment.*—The loan will have a currency of 11 years, from 4th September 1961 and will be repaid at par on the 4th September 1972.

9. *Interest.*—The loan will bear interest at the rate of 4½ per cent per annum from 4th September 1961. Interest will be payable half-yearly on 4th March and 4th September and will be subject to tax under the Indian Income Tax Act, 1922.

Refunds of tax deducted at the time of payment (at rates prescribed by the annual Finance Acts) will be obtainable by holders of the loan who are not liable to tax or who are liable at a rate lower than the rate at which tax was deducted. A holder who is not liable to tax or who is liable to tax at a rate lower than the prescribed rate can obtain, on application, a certificate from the Income-tax Officer of the district authorising payment of interest to him without deduction of tax or with deduction of tax at such lower rate as may be applicable to the holder.

10. *Place of payment of interest.*—Interest will be paid at any treasury or sub-treasury in the State of Kerala and at the Public Debt Offices at Bombay, Culcutta, New Delhi, Madras and Bangalore.

11. *Conversion terms.*—Securities of the 3½ per cent Cochin Loan 1956-61 will be accepted in payment of subscriptions to the 4½ per cent Kerala State Development Loan 1972 at Rs. 100 per Rs. 100 nominal of the loan tendered. If the cash value of the securities tendered is not an exact multiple of the issue price per cent of the new loan applied for, the tenderer will receive in cash at the time of issue of the new securities the amount by which the value of the loan tendered exceeds the nearest lower multiple of the issue price.

Interest due on the securities of the $3\frac{1}{2}$ per cent Cochin Loan 1956-61 tendered for conversion will be paid at the rate of $3\frac{1}{2}$ per cent per annum up to and inclusive of 31st May 1961 and at the rate of $4\frac{1}{4}$ per cent per annum from 1st June 1961 to 3rd September 1961 inclusive at the time of issue of the new securities.

12. *Form of securities.*—The loan will be issued in the form of—

(1) Stock, the applicants for which will be given Stock Certificates, or

(2) Promissory Notes.

If no preference is stated by the applicants, the securities will be issued in the form of Promissory Notes which are transferable by endorsement.

13. *Application for loan.*—(1) Applications for the loan must be for Rs. 100 or for a multiple of that sum.

(2) Applications will be received at—

(a) the offices of the Reserve Bank of India, Bombay, Calcutta, New Delhi, Madras and Bangalore,

(b) the branches of the State Bank of India within the State of Kerala, and

(c) the Government treasuries and sub-treasuries in the State of Kerala at places where there is no branch of the State Bank of India.

(3) Applications may be made in the form attached hereto [printed copies of which are available at the places mentioned in sub-paragraph (2) above] or in any other form which states clearly the amount and description of the securities required, the full name and address of the applicant and the Public Debt Office or treasury or sub-treasury at which he desires that interest shall be paid.

14. *Method of paying subscriptions.*—Applications should be accompanied by the necessary payment in any of the forms mentioned below:—

(a) *Cash or cheques.*—Cheques tendered at offices of the Reserve Bank of India or the State Bank of India or at the treasuries should be drawn in favour of the Bank or the Treasury Officer concerned. When a cheque is tendered in payment of the application money, the security will not be issued until the amount of the cheque has been realised.

(b) *$3\frac{1}{2}$ per cent Cochin Loan 1956-61.*—Applicants who tender securities in payment must transfer such securities to Government—

(i) in the case of Stock Certificates by signing the form of transfer deed on the reverse of the Certificate before a witness;

(ii) in the case of Promissory Notes, by endorsing them in the manner indicated below:—

"Pay to the Governor of Kerala".

15. *Brokerage.*—Brokerage will be paid at the rate of 6 naye Paise per Rs. 100 (nominal) to recognised banks and brokers on allotments made in respect of applications for the loan bearing their stamp

16. *Depreciation Fund.*—The Government of Kerala will provide in each financial year from 1962-63 to 1971-72 inclusive, a sum equal to 1½ per cent of the total nominal amount of the loan to be used for purchasing the securities of the loan for cancellation.

17. *Sinking Fund.*—The Government of Kerala will also make such annual contributions to a Sinking Fund to be utilised towards the amortisation of their open market loans, as they may from time to time decide to be necessary.

18. *Public Debt Office.*—The State Public Debt Office will be located at the Public Debt Office, Madras.

By order of the Governor,

P. S. Padmanadhan,
Finance Secretary to Government.

FORM OF APPLICATION

4¼ per cent Kerala State Development Loan, 1972

I/We..
....herewith
tender‡Cash/Cheque for Rupees*...........................
....
‡securities of the 3½ per cent Cochin Loan, 1956-61 of the nominal value of Rs...and request that securities of the 4¼ per cent Kerala State Development Loan, 1972 of the nominal value of Rs..may be issued to me/us in the form of Promissory Note (s) †/Stock Certificate of the denominations stated below:—

..................Promissory Notes of Rs..................each
..................Promissory Notes of Rs..................each
..................Promissory Notes of Rs..................each

2. I/We desire that interest be paid at.....................

N. B.—The applicant should not write anything in this cage. The entries will be filled in by the Public Debt Office.

	Initials	*Date*
Application No.	......	......
N. B. Stamp	......	......
Cash received	......	......
Cheque realised	......	......
Credited to Special Current Account	......	......
Examined	......	......
Cash applications Register posted	......	......
Brokerage Register posted	......	......
Indent No.	......	......
Scrip No.	......	......
Card No.	......	......
Voucher passed on	......	......

Signature ....

Name (in full)

....

Address ....

....

Dated September 1961.

* Figures and words to be written here.

† Promissory Notes will be issued in denominations of Rs. 100, Rs. 500, Rs. 1,000 Rs. 5,000, Rs. 10,000, Rs. 25,000, Rs. 50,000, and Rs. 1,00,000. State here the particular denominations required.

‡ Delete what is not required.

"Certified that a sum of Rs. .... being the purchase price at Rs. .... per cent has been credited to Government Account under the appropriate head *vide* chalan No. .... dated ....".

Treasury/Sub Treasury Officer.

Note:—(1) Securities tendered for conversion should be endorsed with the words "Pay to the Governor of Kerala" over the signature of the applicant, if they are in the form of Promissory Notes, and the transfer deed on the back should be signed by him before a witness if they are in the form of Stock Certificates.

(2) Separate application should be made for each form of subscription and for each form of scrip (Stock Certificate or Promissory Note) of the New Loan required.

FINANCE (WAYS AND MEANS) DEPARTMENT

PRESS COMMUNIQUE

Dated, 14th August 1961

4¼ per cent Kerala State Development Loan, 1972.

Subscriptions for the 4¼ per cent Kerala State Development Loan, 1972 will be received from the 4th September 1961 at the offices of the Reserve Bank of India at Madras, Bombay, Calcutta, New Delhi and Bangalore, and branches of the State Bank of India within the State of Kerala and at the District and Sub Treasuries of the State at places where there are no branches of the State Bank of India. Details in regard to the terms of the loan are contained in the Finance Department Notification No. 53408/WM3/61/Fin. dated 14th August 1961 published in the Kerala Government Gazette (Extraordinary) of that date. The proceeds of the Loan are intended to be utilised for financing the development schemes under the State's Third Five Year Plan. A brief resume of the financial position of the State is given below:—

Note.—The figures given below are provisional as the allocation of assets and liabilities between Madras and Kerala consequent on the reorganisation of States has not yet been finalised.

Assets and Liabilities

2. The total public debt of the Kerala Government as on 31st March 1961 was about Rs. 81·46 crores, of which Rs. 53·28 crores represent loans received by the State from the Government of India and Rs. 23·39 crores represent open market loans (including Kerala's share of Madras State Public Debt) raised for financing the expenditure on irrigation, electricity and other schemes and also for re-lending to local bodies, agriculturists, etc. Against the outstanding open market loans aggregating Rs. 23·39 crores, the total contribution made to the Sinking Funds to the end of 1960-61 is Rs. 1·56 crores. A portion of the Sinking Fund stands specifically invested in Government securities.

3. The other main interest bearing liabilities of the Government as on 31-3-1961 amounted to Rs. 12·98 crores as detailed below:—

	(*Rs. in crores*)
Savings Bank Deposits ..	2·46
Provident Fund Deposits ..	4·53
Reserve Funds of Electricity, Transport and other Commercial Concerns ..	4·59
Special Loans ..	0·11
State Insurance Funds ..	1·29
Total ..	12·98

4. The total liability on which interest is payable thus amounted to Rs. 94·44 crores as on 31st March 1961. The total interest charges according to the Budget Estimates 1961-62,

are Rs. 3·36 crores against which a sum of Rs. 0·94 crore is realisable by way of interest on capital invested in Government Commercial undertakings, etc. The net effect is thus a debit of Rs. 2·42 crores to the Revenue Account.

5. The Government have also some liabilities on account of various deposits received by them from Local Funds and from the public from time to time. The Government have also given guarantees to certain quasi-Government and other commercial institutions. The ultimate liability on account of these will not however, be considerable.

6. Against the liabilities mentioned above, the Government own capital and remunerative assets and other investments worth Rs. 109·18 crores at the end of March 1961, as shown below:—

	(Rs. in crores)
Irrigation, etc., Schemes ..	19·96
Electricity Schemes ..	24·75*
Schemes of improvement of public health ..	4·43
Loans and Advances by the State Government ..	19·54
Investments in State Transport and other commercial undertakings and investments in shares of commercial concerns ..	14·13
Surplus investments in gilt-edged securities, bullion account and short term deposits in banks ..	5·74
Civil Works (Capital outlay) ..	20·63
Total	109·18

Further, Government have invested Sinking Funds and other earmarked funds mainly in Government Securities.

7. According to the Revised Estimates for 1960-61, the total assets of the Government amount to Rs. 112·18 crores against a total liability of Rs. 99·52 crores. Thus the assets exceed the liabilities by Rs. 12·66 crores. Besides these assets, the Government also own other extensive and valuable assets in the form of buildings, roads and bridges, forests, etc., which go to reinforce the already sound financial position of the Government.

P. S. Padmanabhan,
Special Secretary (Finance).

* Includes only the Capital outlay till the formation of the Kerala State Electricity Board. The investments on the power projects thereafter are mainly financed by Government loans, which are classified under Loans and Advances by the State Government.

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